

INSTRUCTION NO.
LI 45-23

LI 45-23
LOGISTICS
18 December 1975

SUBJECT: Expedited Payment of Vendor Invoices

1. GENERAL

The Deputy Director for Administration has approved certain operating principles which will permit the expedited payment of invoices submitted by selected vendors. This instruction establishes conditions, responsibilities, and basic procedures to implement that approved payment system, particularly as it applies to items subject to test and inspection (T&I) prior to formal acceptance by the Agency.

2. POLICY

a. The following clause will be added to the provisions of contracts, subject to this expedited-payment authority:

"In consideration for the lengthy period of time required to perform acceptance testing on certain items deliverable hereunder, the sponsor agrees to provide to the contractor expedited payments wherein the sponsor will, upon receipt of a proper invoice, pay the contractor upon delivery of material(s) prior to inspection and final acceptance, with the understanding and agreement that the sponsor reserves the right subsequent thereto to reject any item for any defect in material or workmanship or nonconformance with the specifications or other requirements hereunder. The contractor agrees to correct or replace all items rejected within a reasonable time after rejection at no additional cost to the sponsor."

b. Production contracting elements, when executing contracts on behalf of the Agency, will selectively exercise the expedited-payment clause of the contract provisions when the financial stature of the contractor is such that the interests and recourses of the Agency will be protected. The contracting officer will determine when the expedited-payment provision will be exercised.

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25X1A c. Materiel to be delivered under an expedited-payment contract should be consigned only to [REDACTED]

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25X1A identified by the contracting element so that copies distributed [REDACTED] to Central Control & Distribution Branch, Supply Division, and to the Office of Finance (O/FIN) will alert their personnel that receiving and payment documentation must be processed under extraordinary procedures. Such contract copies will be stamped "EXPEDITED PAYMENT" in large block letters and in a conspicuous color of reproducible ink.

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3. PROCEDURES

- a. Immediately upon physical receipt of materiel under expedited-payment contracts, depot personnel will verify item identification and quantities and inspect containers for visible, physical damage. If the materiel passes this initial inspection and before forwarding the materiel for official T&I, if required, a receiving report (R/R) will be prepared bearing the "EXPEDITED PAYMENT" stamp or facsimile and annotated "materiel subject to T&I."
- b. One copy shall be forwarded immediately to Certification and Liaison Division (C&LD), O/FIN. That document, when used in conjunction with the expedited-payment clause of the contract, authorizes O/FIN to make payment immediately upon receipt of the vendor's billing invoice. One additional copy should be forwarded to the contracting officer.
- c. The receiving of expedited-payment contracts will be processed into the Inventory Control System data base in accordance with established procedures. The only change from procedures now in effect will be the advance copies of R/R's sent to C&LD and the contracting officer.
- d. Discrepancies will be resolved following procedures outlined in LI 45-6, Receiving Discrepancy Policy and Procedures.

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- e. When items have been processed through T&I, each item on the R/R will be stamped either "ACCEPTED" or "REJECTED," followed by the quantity accepted or rejected. The R/R, marked as above, will be sent to all recipients other than O/FIN. The Office of Logistics (OL) will assume responsibility for resolving all discrepancies resulting from acceptance testing rejections. Necessary refunds, as appropriate, will be handled in accordance with established policy. OL will also be responsible for control and followup of property in process of T&I and for assuring that it is placed under formal accounting control promptly upon acceptance following T&I.
- f. The contracting officer will notify O/FIN upon final acceptance of all deliverable items on each expedited-payment contract. Such notification will be sent to C&LD as the basis for the close-out and retirement of the contract.
- g. O/FIN will periodically (at least annually) provide OL with a computer listing of selected items for which payments have been made but which have not been recorded in the acquisitions account. OL will review this listing and report to O/FIN on the status of each item.
- h. All OL components concerned with the subject of this instruction will develop and publish the necessary internal procedures for its implementation.

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[REDACTED]
MICHAEL J. MALANICK
Director of Logistics

CONCUR:

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[REDACTED]
THOMAS B. YALE
Director of Finance

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SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM
UNCLASSIFIED CONFIDENTIAL SECRET

OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	D/L	15 DEC 78	LG
2			
3			
4			
5	1145-23		
6			
ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	

Remarks:

For your signature then
to Registry for correction
of typo, reproduction, and
distribution.

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.

DATE

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